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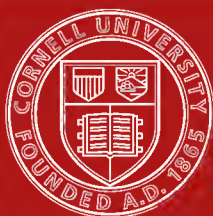
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STATE OF NEW JERSEY

BOARD OF
PUBLIC UTILITY COMMISSIONERS

UNIFORM SYSTEM OF ACCOUNTS

FOR

Electric Light, Heat
and Power Utilities

FIRST ISSUE

Effective January 1, 1913

TRENTON
1912.

UNIFORM SYSTEM OF ACCOUNTS
for
ELECTRIC LIGHT, HEAT AND POWER
UTILITIES.

The uniform system of accounts contained in this circular is established and issued by the Board of Public Utility Commissioners, State of New Jersey, under the following provision of Chapter 195, Laws of 1911:

Section II, Paragraph 17: The board shall have power, after hearing, upon notice, by order in writing, to require every public utility as herein defined:

(d) To keep its books, records and accounts so as to afford an intelligent understanding of its business and to that end to require every such public utility of the same class to adopt a uniform system of accounting.

On and after January 1, 1913, every electric light, heat and power utility, as defined in Section I, Paragraph 15 of the above mentioned statute, will be required to carry on its books the accounts herein prescribed or defined, *in so far as the same are pertinent to the facts and circumstances of said utility*, and to keep such accounts in conformity with the definitions and instructions contained herein.

During the year beginning January 1, 1913, any electric light, heat and power utility may, for purposes of comparison, keep on its books, in addition to the accounts herein prescribed, such portion or portions of its present accounts as may be deemed desirable by any such utility.

For purposes of efficiency of administration and operation, any utility may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts, and any accounts covering particular divisions of its operations, provided that such temporary, experimental, or divisional account shall not impair the integrity of any account herein prescribed.

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SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

DEFINITIONS AND INSTRUCTIONS.

1. **Public Utility and Electric Operations Defined.**—Section I, Paragraph 15, Chapter 195, Laws of 1911, defines “public utility” as follows: “The term ‘public utility’ is hereby defined to include every individual, co-partnership, association, corporation or joint stock company, their lessees, trustees or receivers appointed by any court whatsoever, that now or hereafter may own, operate, manage or control within the State of New Jersey any steam railroad, street railway, traction railway, canal, express, subway, pipe line, gas, *electric light, heat, power,* water, oil, sewer, telephone, telegraph system, plant or equipment for public use, under privileges granted or hereafter to be granted by the State of New Jersey or by any political subdivision thereof.”

Electric operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of electric energy, the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of by-products produced in connection therewith.

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall, on and after January 1, 1913, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

3. **Capital Defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital Defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen) is called *Fixed Capital*.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appro-

priate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

5. Floating Capital Defined.—Capital other than fixed capital is called *Floating Capital*.

6. General Capital and Departmental Capital Defined.—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the uses of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

7. Landed Capital and Non-landed Capital Defined.—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon), the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. Intangible and Tangible Capital Distinguished.—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible capital within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand or other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses. (See note under definition No. 4.)

9. First Entries Must Enable Identification.—The first entry relating to anything for which a charge or a credit is made to any fixed capital or investment account shall describe the property in respect of which the entry is made with such fullness and particularity as to enable its identification.

10. Costs to be Actual Money Costs.—All charges made to fixed capital or other property accounts with respect to any property acquired on or after January 1st. 1913, shall be the actual money cost of the property. When the consideration actually given for anything with respect to which a charge is made to any fixed capital or other property account is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

11. Discounts Upon Securities Not to be Included in Costs.—Discounts upon securities and other commercial paper issued are to be provided for in other accounts and must in no case be included as a part of the cost of any property acquired.

12. Costs of Labor, Materials and Supplies.—Cost of labor (employed in construction) includes not only wages, salaries and fees paid employees, but also such personal expenses of employees as are borne by the company. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense. The term "cost" as used herein means the actual cost in money of labor and materials used in construction, or the actual cost in money of property acquired after construction, or if the consideration given is other than money, the actual money value of such other consideration at the time of the purchase.

13. Withdrawals or Retirements.—When anything (not including minor parts the renewal of which is considered a repair) is withdrawn or retired from service, the amount at which it stood charged shall be credited to the account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based and the name of the person by whom estimated shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

14. Plant and Equipment and Other Property Purchased.—When any property in the form of a going or completed plant is purchased, an appraisal of the property so acquired shall be made, and the different constituent elements of the plant and equipment, or other property acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence and inadequacy. If the actual money value of the consideration given for the plant or other property was at the time of the acquisition in excess of such appraised value, the excess shall be charged to account No. 105, "Other Intangible Electric Cap-

ital," and the appraised values of the constituent elements shall be charged to the appropriate fixed capital accounts as hereinafter designated. If the actual money value of the consideration given was not in excess of such appraised value such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such property purchased, will be required to be filed with the Board of Public Utility Commissioners, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

ASSET ACCOUNTS.

100. FIXED CAPITAL INSTALLED PRIOR TO JANUARY 1, 1913.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to electric operations as such capital stood at the close of December 31, 1912. Such charges should be made at the figures at which such capital was carried on the books of the said person or corporation on that date. No charges should be made to this account with respect to any property subsequently acquired, but the cost of such property should be charged to accounts Nos. 101-140, hereinafter provided.

When any capital included in this account is withdrawn or retired from service the amount at which it is charged therein (estimated, if not known) should be credited thereto, and the amount so credited, less salvage, should (except as specified below under "Property Abandoned") be concurrently charged to account No. 215, "Accrued Amortization of Capital," and any debit balance in the latter account closed out at the end of the fiscal year into the "Corporate Surplus or Deficit" account.

NOTE.—Corporations will be required to carry as sub-accounts of account No. 100, the several accounts on their books on December 31, 1912, which are combined to make

up the said account, and to furnish information concerning such sub-accounts in their annual reports.

101-140. FIXED CAPITAL INSTALLED SINCE DECEMBER 31, 1912.

Charge to the proper sub-account hereunder (see pp. 29-41) the cost of all fixed capital of the accounting person or corporation devoted to electric operations, installed or acquired since December 31, 1912.

150. FIXED CAPITAL IN OTHER DEPARTMENTS.

Charge to this account, or to appropriate sub-accounts hereunder, all fixed capital of the accounting person or corporation, both tangible and intangible, devoted to other than electric operations.

151. CONSTRUCTION WORK IN PROGRESS.

Charge to this account the amounts expended upon plant and equipment in process of construction under estimate or work orders, but not yet ready for service, including such proportion of plant supervision expenses, engineering expenses, tool expenses, supply expenses and general expenses as may be properly chargeable to the construction work included under this account. As soon as such work is completed the cost of same should be credited to this account and charged to the appropriate fixed capital or other accounts.

In case any expenditures are carried in this account beyond the close of any fiscal year, companies will be required to furnish in their annual reports a complete analysis of this account, showing the total amount expended during the year upon each particular job, the date when same was begun, the date when it is expected to be completed, and such further information as the Board may deem necessary.

15. Floating Capital Divided Into Two Groups.— Floating Capital is divided into two great groups, of which the first is herein called *Materials and Supplies*, and the second, *Current Assets*.

152. MATERIALS AND SUPPLIES.

Charge to this account or appropriate sub-accounts hereunder the cost (including transportation) of all materials and supplies acquired, the salvage value of discarded equipment, and of equip-

ment, materials and supplies returned to store, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies should be credited to account No. 140, "Interest During Construction," or to account No. 492, "Miscellaneous Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

When the use of any tangible fixed capital is discontinued, it shall be treated as retired. The original cost of such capital should be credited to the fixed capital account in which carried, and the salvage value, if any, charged to this account or an appropriate sub-account. If such value is not known and cannot readily be determined, it should be estimated, and errors in such estimates, when determined, adjusted through the accounts involved.

Inventories of materials and supplies should be taken at least annually, and any shortages or overages disclosed by such inventories should be credited or debited to this account, and debited or credited to the operating expense account No. 492, "Miscellaneous Adjustments—Balance," in case they cannot be assigned to specific accounts. When such materials and supplies have been used in construction, a suitable proportion of such shortages and overages may be debited or credited to account No. 139, "Miscellaneous Construction Expenditures."

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things, the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

153. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, sub-

ject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

154. BILLS RECEIVABLE.

Charge to this account the cost of all negotiable paper in the form of notes receivable or other similar evidences of money receivable on demand or within a time not exceeding one year. This includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomsoever issued. It does not include investments nor interest coupons. Time loans that mature more than one year after date of issue should be considered as investments, and should not be included in this account.

155. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the accounting person or corporation upon accounts with solvent concerns (other than bank accounts); also all accounts and claims upon which responsibility is acknowledged by solvent concerns or individuals, or which are sufficiently secured to be considered good, and all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

156. INTEREST AND DIVIDENDS RECEIVABLE.

To the appropriate sub-account hereunder should be charged all interest considered collectible, which has accrued but has not yet been collected, upon investments, notes receivable, or other commercial paper, and accounts considered collectible held by or for the benefit of the company; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

157. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

16. **Special Deposits Defined.**—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal or other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks, whether withdrawable at pleasure or after a specified time, amounts of money in safe deposit vaults, etc., so long as they are available for general purposes of the corporation, should be excluded herefrom.

158. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons, when paid from such deposits, should be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon, which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest, shall not be charged to this account, but to the appropriate "Interest Accrued" account.

159. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes not elsewhere provided for. Charges to this account should specify the purpose for which the deposit is made. When such purposes are satisfied this account should be credited with the amount specially deposited to provide such satisfaction.

160. INVESTMENTS.

Charge to this account or appropriate sub-accounts hereunder the cost of all properties acquired, not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived therefrom, or for a rise in value, or for devotion to future operations at a time when it seems probable that they cannot be so advantageously acquired as at time of actual acquisition. Investments should be classified into *bound* and *free* investments. By *bound* investments

are meant those held subject to a lien of some character; by *free* investments are meant those held free of all liens.

NOTE.—In the annual reports to the Board of Public Utility Commissioners, investments, whether bound or free, will be required to be classified with at least the following detail: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlling, Controlled or Affiliated Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments. From this account should be excluded all securities carried in Sinking or Other Special Reserve Funds, separate accounts for which are elsewhere provided.

161. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they should be charged at face value to this account.

162. SINKING FUNDS.

In this account should be included the amount of cash and the cost or book value of securities in the hands of trustees of sinking and other funds for the purpose of redeeming outstanding obligations. A separate sub-account should be carried for each separate sinking fund.

163. OTHER SPECIAL FUNDS.

In this account should be included the amount of cash and the cost or book value of securities in any special fund belonging to or held in trust by the accounting person or corporation for specific purposes not elsewhere provided for. A separate sub-account should be carried for each separate fund.

164. PREPAYMENTS.

When payments for taxes, insurance, rents, etc., are made in advance of the period to which they pertain, the amount of the advance payment should be charged to an appropriate sub-account hereunder. At the close of each month or quarter thereafter the amount of the advance payment applicable thereto should be credited to such account and

charged to the appropriate expense or other income account.

17. **Suspense.**—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which is to be spread over a period of time, or when any other debit is amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss or other debit should, except as herein otherwise directed, be charged to the appropriate suspense account.

The word "amortization" as used herein denotes the gradual extinction of a charge or a clearing off of expiring value. It is applied to tangible or intangible property, wherein it is more comprehensive than "depreciation."

165. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and of the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account.

To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense, based upon the life of the security to maturity, shall be credited to this account and charged to account No. 516, "Amortization of Debt Discount and Expense."

166. PROPERTY ABANDONED.

When any important piece of property, other than land, included in fixed capital accounts is abandoned by reason of its being replaced with enlarged, im-

proved, or more efficient property, the corporation may, if so authorized upon application to the Board of Public Utility Commissioners, open on its books a Property Abandoned account. The purpose in providing this account is to enable the corporation to charge off during a term of years the loss on property abandoned on account of improvements or betterments in the interest of greater efficiency.

When property is charged to this account, it should be at the original cost (estimated, if not known), less salvage, and less the amount of accrued depreciation applicable thereto. The appropriate property account should be credited with the cost of the property; "Accrued Amortization of Capital" should be charged with the amount of accrued depreciation; the proper accounts should be debited with salvage, and the balance should be charged to this account, to be extinguished during a period of years by charges against income or against surplus, according as the Board, on application, decides.

NOTE.—This account does not apply to property acquired subsequently to December 31, 1912; on such property the charges for depreciation in operating expenses should be sufficient to care for all wear and tear, obsolescence and inadequacy.

167. OTHER SUSPENSE.

To this account should be made all debits not provided for elsewhere, the proper final disposition of which is uncertain. This includes all expenses of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, the amounts so expended should be credited to this account and charged to the proper fixed capital accounts; should it be abandoned, the amounts should be charged to the appropriate operating expense or other income account.

When the proper disposition of any matter charged to this account is determined, it should be credited to this account and charged to the appropriate account or accounts.

168. CORPORATE DEFICIT.

Under this head should be shown the debit balance, if any, in the "Corporate Surplus or Deficit Account."

LIABILITY ACCOUNTS.

18. **Debt Defined.**—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

19. **Funded Debt Defined.**—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.
20. **Unfunded Debt Defined.**—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

200. FUNDED DEBT ACCOUNTS.

Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated; that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5 per cent. QF 10, August 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture." "Debentures" thus include promissory notes unsecured by mortgage or

other lien; also those securities commonly known as "plain bonds."

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued, but the purposes for which issued, and shall make intelligible reference to the book, page and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

21. **Unfunded Debt Accounts.**—The accounts for unfunded debt are defined as follows:

201. TAXES ACCRUED.

Credit to this account at the close of each month or quarter the taxes accrued during the period, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

202. RECEIVER'S CERTIFICATES.

When any receiver, acting under the orders of a competent court, is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates should be credited to this account. Interest accruing upon such certificates should also be credited to this account.

203. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the pay-

ment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by the law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties and the character of the action or suit. Interest accrued upon any such judgment should be credited to this account.

204. INTEREST ACCRUED.

Credit to this account at the close of each month or quarter the interest accrued during the period upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures, it should be transferred from the sub account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured." When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

205. OTHER ACCRUED LIABILITIES.

By accrued liabilities are meant those which accrue from day to day but do not become due until a particular date, such as interest, rent, taxes, etc. At the close of each month or quarter there should be credited to the appropriate sub-account hereunder, and charged to the proper operating expense, revenue or income deduction account, the amount of all such liabilities not provided for above, which has accrued during the period. When payments for same are made, they should be charged to the accrued liability accounts and credited to "Cash" or other suitable account.

206. DIVIDENDS DECLARED.

When any dividend is declared it should be credited to this account, and here remain until it is

paid, when it should be charged to this account and credited to "Cash" or other suitable account.

207. BILLS PAYABLE.

When any note, draft or other bill payable, which matures not later than one year after date of issue or of demand, is issued or a primary liability thereon assumed by the accounting person or corporation, the par value thereof should be credited to this account, and when it is paid it should be charged to this account and credited to "Cash" or other suitable account.

208. ADVANCES FROM OTHER CORPORATIONS.

Credit to this account all advances from other corporations to enable the accounting person or corporation to pay for construction or additions and betterments to its plant and equipment, or for any other purpose. This account should be kept in such manner as to show separately the amount advanced for construction and that advanced for other purposes.

209. CONSUMERS' DEPOSITS.

Credit to this account all cash deposited with the accounting person or corporation by consumers as security for the payment of electric bills. Deposits refunded should be charged to this account and credited to "Cash." Deposits applicable to uncollectible or worthless bills should, at or before the close of the fiscal year, be credited to the account of the consumer involved and debited to this account.

210. OTHER ACCOUNTS PAYABLE.

Credit to this account all amounts owing to miscellaneous creditors on open accounts not elsewhere provided for.

211. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the company is liable and which is not elsewhere provided for.

22. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

23. Permanent Reserves Defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent re-

serves shall be classified into the two classes: *Premiums on Stocks and Other Permanent Reserves.*

212. PREMIUMS ON STOCKS.

Premiums on stocks should be sub-classified with respect to the several classes of stocks, for definitions of which see accounts under the head "Stocks." A sub-account should be kept for each particular class of stock, and such sub-accounts should be severally entitled:

Premiums on Debenture Stocks.

Premiums on First Preferred Stocks.

Premiums on Second Preferred Stocks, etc., and

Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock such premium should be credited to the sub-account above provided for such class of stock, and the credit should remain in the account so long as the stock remains outstanding. By "premium realized" is meant the excess of the actual money value of the consideration at the time of issue of the stock over the par value of the stock. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by him over the par value of the stock should be considered the premium realized.

213. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account should be created for each particular purpose for which a reserve is raised, and the purpose of the reserve should be designated in the title of the account thereof, and should be expressed in full in the first entry in such account.

24. **Temporary Reserves Defined.**—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary Reserves should be classified as *Contractual Reserves* and *Non-contractual Reserves.*

214. CONTRACTUAL RESERVES.

Contractual Reserves are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc.

A separate sub-account should be raised for each particular contractual reserve, and to such account should be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve should be designated in the title of the account thereof, and should be expressed in full in the first entry in such account.

25. **Non-contractual Reserves Defined.**—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional*.

215. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses" or other accounts to cover depreciation of plant and equipment, and other amortization of fixed capital. When any capital is retired from service the original money cost thereof (estimated, if not known; where estimated that fact and the facts upon which the estimate is based should be stated in the entry), less salvage, should, except as provided under "Property Abandoned," be charged to this account. and the amount originally entered or contained in the charge to any fixed capital account with respect to property going out of service should be credited to that account, any necessary adjusting entry being made to the appropriate sub-account under the account "Corporate Surplus or Deficit."

NOTE.—Until otherwise prescribed, the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the year should be based on a rule to be determined by the accounting corporation. Such rule may be derived from consideration of the said corporation's history and experience. A general statement of the rule used by each company, together with the general information upon which it is based, should be filed with the Board of Public Utility Commissioners.

216. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum

of the par value of the securities or other evidence of indebtedness and the accrued interest should be credited to this account. At monthly or quarterly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity should be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account.

217. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve should show the purpose of the reserve, and every subsequent entry with respect to that reserve should designate the reserve to which it relates.

26. **Optional Reserve Accounts.**—*Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

218. CASUALTY AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability cannot be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualty and Insurance Reserve." Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

219. OTHER OPTIONAL RESERVES.

A sub-account should be raised for each particular reserve, and its title should designate the purpose of such reserve, and the first entry therein should express in full such purpose,

27. **Stocks Defined.**—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.
 28. **Stocks Classified.**—Stocks are classified as follows:
Debenture Stocks,
First Preferred Stocks,
Second Preferred Stocks, etc., and
Common Stocks.
 29. **Debenture Stocks Defined.**—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.
 30. **First Preferred Stocks Defined.**—*First Preferred Stocks* are those which have the first claims upon such dividends as may be distributed. They may be cumulative or non-cumulative, participating or non-participating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if *non-cumulative*, such amount lapses. If a first preferred stock is *participating* it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *non-participating*, it is limited to the stipulated rate.
 31. **Second Preferred Stocks Defined.**—*Second Preferred Stocks* are those whose claim in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or non-cumulative, participating or non-participating.
 32. **Common Stocks Defined.**—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.
 33. **Voting Powers.**—Stocks differ also in regard to the voting powers incident to ownership of them.
 34. **Retirement of Stocks.**—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.
220. CAPITAL STOCK ACCOUNTS.

In the accounts of stocks outstanding, a separate account should be raised for each class of stock is-

sued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks should be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be disposed of by him for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess should be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

221. CORPORATE SURPLUS.

Under this head should be shown the credit balance, if any, in the "Corporate Surplus or Deficit Account."

FIXED CAPITAL ACCOUNTS.

101. LAND DEVOTED TO ELECTRIC OPERATIONS.

This account includes the cost of landed capital devoted to electric operations. This includes land occupied by generating stations and their appurtenances; rights of way for transmission and distribution lines and other electric operations; also rights of way for canal and pipe lines, water rights, and rights of pondage, flowage, and submersion, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost, when assumed or paid by the purchaser in its own behalf, includes cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also cost of obtaining consents, and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements should not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its electric operations, and the contract of acquisition does not determine the price of such improvements, they should be appraised at their fair cash value for use in such operations, and such appraised value should be charged to the appropriate structures account, and excluded from this account. If such improvements are devoted to other than electric operations, or are held as investments, the cost (or appraised value, if the cost is not determined in the contract of acquisition) should be charged to the appropriate investment account or to the capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) should be excluded from this account. The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Board of Public Utility Commissioners the subdivision of the cost of its land devoted to electric operations into the following:

Land Occupied by Generating Stations.

Land Occupied by Outside Sub-Stations.

Water Rights.

Other Land Devoted to Electric Operations.

102. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditures incident to organizing the corporation or other enterprise and putting it in readiness

to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidences of indebtedness), cash fees paid to promoters and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock and cost of procuring certificates of necessity from State authorities and other like costs. Like costs incident to preparing and filing certificates of authorization of increase in capital stock, and to the negotiation and issue of stock thereunder, and cost of preparing and filing certificates of amendment of articles of incorporation should also be charged hereunder. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any cost incident to negotiating loans or selling bonds or other evidence of indebtedness.

103. FRANCHISES.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or any political sub-division thereof as the consideration of such franchise" (Section III, Paragraph 18 (f), Chapter 195, Laws of 1911). If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Electric Capital." If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments," if extending beyond the fiscal year.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

104. PATENT RIGHTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to

inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's electric operations.

105. OTHER INTANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to electric operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

106. GENERAL STRUCTURES.

This account includes the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam and gas pipes and fixtures, electric wiring and fixtures, elevators, etc., and the engines and motors, furnaces, boilers, and electric generators specially provided for such buildings, etc.

NOTE A.—Among such buildings may be mentioned general office buildings, general shops, general storehouses, general stables, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as, for example, in a power-station building, no part of the cost of such building should be charged to this account.

NOTE B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers should be charged to the appropriate departmental capital account, and no part to this account.

NOTE C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

107. GENERAL EQUIPMENT.

This account includes the cost of all equipment of general structures, as provided under the following heads:

GENERAL OFFICE EQUIPMENT.—Desks, chairs, tables, movable safes, filing cases, drafting-room equipment, and other office appliances and equipment; also engineering instruments.

GENERAL SHOP EQUIPMENT.—Furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and other shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

GENERAL STORE EQUIPMENT.—Movable counters, movable shelving and other movable equipment; also carts, barrows, trucks, and other apparatus and appliances used in handling materials and supplies.

NOTE.—Counters, shelving, etc., which are permanently attached to the structure should be charged to account 106, "General Structures," and not to this account.

GENERAL STABLE EQUIPMENT.—Horses, harness, and drays, wagons, automobiles, and other vehicles; equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

108. DAMS, CANALS AND PIPE LINES.

This account includes the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and delivery of the water to the headgate of the turbine or water wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

109. POWER PLANT BUILDINGS.

This account includes the cost of material used and labor expended in erecting buildings to be used for

housing power generating plants. This account includes cost of excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

110. FURNACES, BOILERS, AND ACCESSORIES.

This account includes the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

111. STEAM ENGINES.

This account includes the cost of all steam engines devoted to the production of electric energy. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating, or rotary (such as steam turbine), should be considered to include the throttle or inlet valve and the governor; also condensers, air and circulating pumps, lubricating system, etc., but not the steam pipe leading from the boiler, or the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft should be considered a part of the steam engine and the electric rotor thereon should be considered a part of the electric equipment.

112. TURBINES AND WATER WHEELS.

This account includes the cost of all turbines and water wheels devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the specially provided foundations and settings of such engines, also their governors and all other appurtenant apparatus at-

tached thereto from and inclusive of the head gates and governors to (but exclusive) of the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the hydraulic engine, the shaft should be considered a part of the hydraulic engine and the electric rotor thereon should be considered a part of the electric equipment.

113. GAS PRODUCERS AND ACCESSORIES. ‘

This account includes the cost of producers and accessories devoted to the production of gas for the purpose of operating electric generators, including the cost of specially provided foundations and settings for such producers and accessories. This account includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhaustor outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, pipes for conducting gas from such producers to holders and to gas engines, holders for producer gas, exhaust pipes from gas engines, etc. It does not include pipes whose primary purpose is the warming of buildings; nor does it include power-transmission apparatus, or water pipes, steam pipes, water pumps, or inspirators.

114. GAS ENGINES.

This account includes the cost of all gas engines devoted to the production of electric energy, including the specially provided foundations and settings of such engines. The engine includes the inlet valve and governor, and ignition and starting apparatus. but not the pipe leading from the gas holder, or the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft should be considered a part of the engine and the electric rotor thereon should be considered a part of the electric equipment.

115. ELECTRIC GENERATORS.

This account includes the cost of all electric generating apparatus driven by engines operated by steam, water, or gas; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission systems. This includes the specially provided foundations and settings of such apparatus. Where the electric rotor of such apparatus is mounted on the shaft of the steam, hydraulic or gas engine, the rotor is to be included herein, but not the shaft. Belts, countershafts, and other

intermediaries between such engines and the generators are also to be excluded herfrom.

NOTE.—Regarding transmission and distribution, see the note to account 122, "Transmission System."

116. ACCESSORY ELECTRIC POWER EQUIPMENT.

This account includes the cost of all electric equipment of generating stations not includible in the last foregoing account. This account includes bus-bars, regulators, station switchboards and equipment, such as circuit breakers, switches, ammeters, voltmeters, wattmeters, and the like, and their specially provided foundations and settings; also head-gate motors, pump motors, air-compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc.

117. MISCELLANEOUS POWER-PLANT EQUIPMENT.

This account includes the cost of all miscellaneous equipment at power plants not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, counter-shafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, machine tools, and such other tools at power plants as may properly be capitalized.

NOTE.—This account should not include any sub-station equipment.

118. SUB-STATION BUILDINGS.

This account includes the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including excavations, permanent foundations, drainage, gas and water pipes and connections; grading grounds; furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans and of superintendence of construction.

NOTE.—No charge should be made to this account with respect to a power-plant building, even though it contains sub-station apparatus.

119. SUB-STATION EQUIPMENT.

This account includes the cost of all equipment of sub-stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment, such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

120. POLES AND FIXTURES.

This account includes the cost of towers, structures, poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the towers, structures, and poles in position; and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution systems.

121. UNDERGROUND CONDUITS.

This account includes the cost of conduits required for underground wires and cables, including man-holes, ducts and pipes, sewer connections, sewer traps, and all material necessary for the completion of the underground conduit system devoted to the protection of the transmission and distribution systems.

122. TRANSMISSION SYSTEM.

This account includes the cost of the transmission system, including cables, wires, insulators, and insulating material.

NOTE.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor-generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said step-down transformers, motor-generator sets, rotary converters, or frequency changers, should be classed as the Transmission System; except, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, should be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations should follow the same rule. Line transformers are not included among the "step-down transformers" above mentioned.

123. DISTRIBUTION SYSTEM.

This account includes the cost of all distribution main conductors and feeders, including the cost of all cables, wires, insulators, and insulating material.

This account should be subdivided so as to show separately the following:

(a) Overhead Distribution System.

(b) Edison Tube System, including the cost of all the Edison tube system material, such as junction boxes, tubing material and conductors, coupling boxes, etc.

(c) Other Underground Distribution System.

NOTE.—For the distinction between the transmission system and the distribution system, see the note to account 122, "Transmission System."

124. LINE TRANSFORMERS AND DEVICES.

This account includes the cost of all line transformers, both overhead and underground, pole-line lightning arresters, transformer cut-out boxes, line cut-out switches, etc., in the distribution system.

125. ELECTRIC SERVICES.

This account includes the cost of all conductors, together with appurtenant insulation, ducts, and supports, connecting the distribution mains with electric apparatus and appliances in the possession of consumers.

NOTE A.—Cost of renewing or modifying services should not be charged to this account.

NOTE B.—When consumers are required to pay all or part of the cost of services, only that portion of the cost not chargeable to the consumer should be charged to this account.

126. ELECTRIC METERS.

This account includes the cost of meters, accessories and appurtenances thereto used in determining the amount of electric energy delivered to consumers, including cost of first testing before meter is set.

NOTE.—Cost of setting, removing or resetting meters should not be charged to this account.

127. ELECTRIC METER INSTALLATION.

This account includes the cost of labor and materials for the first setting of meters for determining the amount of electric energy delivered to consumers,

in case it is the policy of the corporation to capitalize the cost of such setting.

NOTE A.—Cost of removing such meters and of setting other meters substituted for them should not be charged to this account, but to account 454, "Meter Maintenance."

NOTE B.—This account should not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

128. MUNICIPAL STREET LIGHTING SYSTEM.

This account includes the cost (in place) of all property of the corporation, in poles, cross-arms, pins, braces, insulators, etc., arc circuits, lamps, and out-fits and suspensions, specially provided for street lighting. Such cost includes cost of material, transportation, setting poles, etc., and restoring the surface of the street to the condition required by the municipality. This account does not include any part of the general distribution system, but only things in the utilization plant beyond the service and devoted to the municipal service.

NOTE A.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Board of Public Utility Commissioners on or before the date when the entry thereof is made upon the books of the corporation.

NOTE B.—If the corporation uses in its street lighting system the same type of arc lamps that it uses in its commercial lighting systems, and uses them interchangeably, it will be permitted, upon filing with the Board of Public Utility Commissioners a notice thereof, to charge the cost of all arc lamps in its street lighting system to account No. 129, "Commercial Arc Lamps."

129. COMMERCIAL ARC LAMPS.

This account includes the cost of all property of the corporation in commercial arc lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

130. GLOWER LAMPS.

This account includes the cost of all property of the corporation in glower lamps supplied to consumers (including municipal buildings) where such

lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—This account is restricted to long-life, incandescent, or glower lamps, such as the Nernst, and does not include the ordinary carbon filament incandescent lamps. Short-life incandescent lamps (i. e., those having an expectancy of life of not more than one year) shall be charged to the appropriate operating expense account when issued for use, and prior to that time, they shall be carried in the appropriate "Materials and Supplies" account.

131. ELECTRIC MOTORS AND HEATERS.

This account includes the cost of all property of the corporation in electric motors and heaters leased to consumers (including municipalities), and of all appurtenances thereof, such as fans, etc.

132. ELECTRIC TOOLS AND IMPLEMENTS.

This account includes the cost of all tools and implements coming within the scope of the definition (see note, page 9) of electric fixed capital and not covered by any of the foregoing equipment accounts.

133. ELECTRIC LABORATORY EQUIPMENT.

This account includes the cost of all testing apparatus and laboratory equipment not provided for elsewhere.

134. OTHER TANGIBLE ELECTRIC CAPITAL.

This account includes the cost of all tangible electric capital not provided for elsewhere.

135. ENGINEERING AND SUPERINTENDENCE.

This account includes all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction their pay and expenses should be charged to the specific work on which engaged.

136. LAW EXPENDITURES DURING CONSTRUCTION.

This account includes general expenditures of the following nature, incurred in connection with the construction of an electric plant; namely, the pay and

expenses of all counsel, solicitors, and attorneys, and of their clerks and attendants, and the expenses of their offices; cost of printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suits, payments of special fees, notarial fees, and witness fees, and expenses connected with taking depositions; also all other legal and court expenses during construction.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they should be so charged and not to this account. Expenditures in connection with the acquisition of right of way or other land should be charged to account No. 101, "Land Devoted to Electric Operations." Law expenditures in connection with the organization of the corporation should be charged to account No. 102, "Organization."

137. INJURIES DURING CONSTRUCTION.

This account includes all expenditures incident to injuries to persons when caused directly in connection with construction of electric plant and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, railroad and carriage fares for conveying injured persons and attendants; funeral expenses, including payments to undertakers; proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; witness fees and amount of final judgments; also cost of liability insurance applicable to construction.

138. TAXES DURING CONSTRUCTION.

This account includes all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which should be charged to the account to which the property benefited is charged.

139. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

This account includes the salaries and expenses of executive and general officers of an electric plant un-

der construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, and office expenses; insurance during construction other than liability insurance; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account should not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

140. INTEREST DURING CONSTRUCTION.

This account includes the interest accrued upon all moneys, and credits available upon demand, acquired for use in connection with the construction and equipment of the property from the time of acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits should be credited to this account. To this account should also be credited discounts realized through prompt payment of bills for materials and supplies used in construction, unless such discounts are credited to the particular bills.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Indicant Accounts Compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular time will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs, so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts, with their subsidiary accounts, are all that are necessary prior to the time when the corporation becomes what may be called a "going concern."

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account, called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group. The following are the accounts which make up the income account statement:

300. OPERATING REVENUES.

This account includes the total operating revenues for the period covered by the income account statement. For the primary revenue accounts see pages 51-53.

400. OPERATING REVENUE DEDUCTIONS.

This account includes the total operating expenses and revenue deductions for the period covered by the income account statement. For the primary operating expense and revenue deduction accounts see pages 56-76.

2. **Non-operating Revenues Defined.**—By Non-operating Revenues are meant those derived as a return upon the property of the accounting person or corporation in the hands of others or from its interests in property in the hands of others. For such revenues are provided the following accounts:

501. RENTS ACCRUED FROM LEASE OF ELECTRIC PLANT.

Credit to this account monthly or quarterly, as they accrue, all revenues from the accounting person's or

corporation's interests in electric plant or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the *taxes* on property so held are *payable by the tenant in possession* and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes should be charged to this revenue account, and not to any of the lessor's tax accounts, nor to any of its expense accounts.

502. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly or quarterly, as they accrue, all miscellaneous rent revenues from lease of property other than electric plant or equipment. Such revenues should be classified as follows:

LEASEHOLD REVENUES.—All revenues from any lease the entire term of which is greater than one year. This account contemplates that the taxes on property so leased are payable by the lessee and are charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, they should be charged to this revenue account, and not to any of the lessor's tax or expense accounts.

OTHER RENT REVENUES.—All revenues from any lease or contract the entire term of which does not exceed one year, or which is held at will or upon sufferance. This account contemplates that the taxes on property so leased are payable by the landlord and are charged by him to the appropriate tax account. If under the contract of lease the taxes are payable by the tenant, the amount of such taxes should be credited to this account as they accrue, and should correspondingly be charged to the appropriate tax account.

503. INTEREST REVENUES.

Credit to this account as they accrue all:

(a) INTEREST FROM INVESTMENTS.—All interest accruing to the corporation on such of its interest-bearing investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

(b) INTEREST FROM OTHER SOURCES.—All interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the foregoing sub-head, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

NOTE.—Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Board of Public Utility Commissioners.

504. DIVIDEND REVENUES.

Credit to this account at their cash value, and as of date when collectible, dividends declared by solvent concerns on stocks held by the accounting corporation among its investments.

505. MISCELLANEOUS NON-OPERATING REVENUES.

Credit to this account all non-operating revenues accruing to the company and not provided for in any of the foregoing accounts.

506. NON-OPERATING REVENUE DEDUCTIONS.

Charge to this account all matters provided for under the following sub-accounts:

(a) RENT EXPENSE: This sub-account includes all expense arising in connection with the procuring of revenues from property let out to others, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such property. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This sub-account includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as repairable wear and tear. It does not include taxes.

(b) INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

(c) DIVIDEND EXPENSE: This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporation whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

(d) MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense which is not provided for in the foregoing sub-accounts.

(e) NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

(f) UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof should be credited to the account in which theretofore carried, and charged to this sub-account.

NOTE.—In annual reports of corporations to the Board of Public Utility Commissioners this account will be required to be fully analyzed.

3. **Income Deductions Defined.**—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by operating expenses, taxes and uncollectible bills assignable to such operation for that period, gives the income from that operation for the period. Similarly, for non-operating revenues, the non-operating expenses and non-operating taxes. The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. Gross income is ordinarily subject to various compulsory deductions, mostly contractual, which are hereinafter called *Income Deductions*.

511. INTEREST ACCRUED ON FUNDED DEBT.

Charge to this account monthly or quarterly all interest accrued on outstanding funded debt issued or assumed by the company, and credit the amount so charged to account No. 204, "Interest Accrued." This account does not include interest on securities held by the company in its treasury, in sinking or other reserve funds or pledged as collateral.

512. OTHER INTEREST DEDUCTIONS.

Charge to this account monthly or quarterly all interest accrued on receiver's certificates and on all interest bearing unfunded obligations of the company.

513. RENT FOR LEASE OF OTHER ELECTRIC PLANT AND EQUIPMENT.

Charge to this account all amounts accrued against the accounting person or corporation for rent of electric plant and equipment which it holds under some

form of lease from another company or corporation and of which it has the exclusive possession.

Taxes accrued on such plant and equipment should not be charged to this account, but to the appropriate Taxes account. If under the contract of lease such taxes are payable by the lessor or reversioner, they should be credited to this account and charged to the appropriate Taxes account. When paid by the lessor or reversioner, they should be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment may be reported by the corporation in possession.

514. MISCELLANEOUS RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

(a) **JOINT FACILITY RENTS:** When any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expenses of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

(b) **MISCELLANEOUS RENT DEDUCTIONS:** This sub-account includes all miscellaneous rents payable not elsewhere provided for.

515. MISCELLANEOUS DEDUCTIONS FROM INCOME.

Charge to this account monthly or quarterly all matters provided for under the following heads:

SINKING FUND ACCRUALS: This head includes all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

GUARANTIES OF PERIODIC PAYMENTS: This head includes all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed *the annual or more frequent periodic* payment of

money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This sub-account does not include such matters as guaranties of payment of *principal* of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the *unsecured portion* thereof shall be charged hereunder.

LOSS ON OPERATIONS OF OTHERS: Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged hereunder.

OTHER CONTRACTUAL DEDUCTIONS FROM INCOME: This head includes all contractual liabilities arising from annual or other more frequent periodic matters and not includible under any of the foregoing heads. This sub-account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

NOTE.—A complete analysis of this account will be required in the annual reports to the Board of Public Utility Commissioners.

516. AMORTIZATION DEDUCTIONS.

Charge to this account in accordance with the following directions:

AMORTIZATION OF LANDED CAPITAL: Under this head charge to this account at the close of any fiscal period such proportion of the original money cost (estimated, if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account under this head shall be concurrently credited to account No. 215, "Accrued Amortization of Capital."

NOTE B.—When any landed capital expires or is otherwise retired from service (as e.g., through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, and this amount, less the proceeds of sale (if any), should be charged to account No. 215, "Accrued Amortization of Capital," any necessary adjusting entry being made to an appropriate sub-account under the account, "Corporate Surplus or Deficit."

AMORTIZATION OF DEBT DISCOUNT AND EXPENSE: Under this head charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith.

AMORTIZATION OF PREMIUM ON DEBT—Cr.: Under this head credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued.

4. **Appropriation Accounts Defined.**—The balance resulting from closing the foregoing income deduction accounts for any fiscal period into Gross Income for that period gives the Net Income for the period, which should be closed into "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the corporate surplus are designated the "Appropriation Accounts," for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period the several "Appropriation Accounts" should be closed into the "Corporate Surplus or Deficit" account.

521. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

NOTE.—Such "uncollectible bills" as are provided for under account No. 496 should not be included in this account.

522. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Board of Public Utility Commissioners.

523. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

524. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

525. MISCELLANEOUS APPROPRIATIONS.

Charge to this account monthly or quarterly all matters provided for under the following heads:

AMORTIZATION ELSEWHERE UNPROVIDED FOR: This head includes such amortization as is not elsewhere provided for. This sub-account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

APPROPRIATIONS TO RESERVES: This head includes all optional appropriations to reserves.

GIFTS TO CONTROLLED CORPORATIONS: This head includes all gifts made by the corporation to its controlled corporations; also such portions of all advances thereto as are not carried as assets.

OTHER APPROPRIATIONS: This head includes all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Board of Public Utility Commissioners.

526. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as are provided for under account No. 496 must not be included in this account.

527. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in the annual reports of corporations to the Board of Public Utility Commissioners.

OPERATING REVENUE ACCOUNTS.

Operating Revenues Defined.—By operating revenues are meant all amounts of money which the company receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon property used by the company in its own operations. Credits to the various revenue accounts should be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate.

301. MUNICIPAL STREET LIGHTING—ARC.

Credit to this account all revenues derived from lighting streets for municipal corporations by means of arc lamps.

302. MUNICIPAL STREET LIGHTING—INCANDESCENT.

Credit to this account all revenues derived from lighting streets for municipal corporations by means of incandescent electric lamps.

NOTE.—In the foregoing two accounts the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

303. COMMERCIAL FLAT RATE LIGHTING.

Credit to this account all revenues derived from all consumers for electric lighting at flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

304. COMMERCIAL FLAT RATE POWER.

Credit to this account all revenues derived from all consumers, except railroad, and other electrical corporations, for electric energy supplied for heat or power at special flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

305. COMMERCIAL METERED LIGHTING.

Credit to this account all revenues derived from all consumers for measured electric energy supplied for electric lighting where the total receipt is dependent on the quantity of energy supplied.

NOTE.—Where electric energy flowing through any meter is used by any other consumer than a municipal corporation for both arc and incandescent lighting, or for arc and incandescent lighting and incidentally for power purposes, such as running fans, sewing machines, etc., the revenues derived therefrom shall be credited to this account.

306. COMMERCIAL METERED POWER.

Credit to this account all revenues derived from all consumers, except railroad and other electrical corporations, for measured electric energy supplied for heat or power at special heat or power rates, where the total receipt is dependent on the quantity of energy supplied.

307. SALE OF CURRENT TO RAILWAY CORPORATIONS.

Credit to this account all revenues derived from electric energy sold to street or other railroad corporations for the propulsion of their cars, for running their shops, and for other power, and for heating purposes. If such energy is incidentally used for lighting also, but the portion used for lighting is not separately measured, the revenue therefrom should be included in this account.

308. SALE OF CURRENT TO OTHER ELECTRICAL CORPORATIONS.

Credit to this account all revenues derived from the sale of electric energy to other electrical corporations to be distributed by them over their own lines to consumers. If any portion of such energy is incidentally consumed by such corporations for their own benefit, whether for light, heat or power, it should be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

309. RENT OF ELECTRIC APPLIANCES.

Credit to this account all revenues derived from the letting of electric motors, fans, heating appliances, batteries, lamps, and other electric apparatus, and appliances (except meters). When the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue should be included under this head.

310. ELECTRIC MERCHANDISE AND JOBBING REVENUE.

Credit to this account all receipts from the sale of electric merchandise and from electric jobbing.

Charge to this account the cost to the accounting corporation, including transportation charges of electric merchandise sold.

Credit also to this account the profit or commission accruing on all jobbing work performed by the corporation as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE.—This account should not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

311. JOINT ELECTRIC RENT REVENUE.

When any corporation engages in electric operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited monthly or quarterly to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

312. OTHER MISCELLANEOUS ELECTRIC REVENUE.

Credit to this account all revenues derived from electric operations not includible in any of the foregoing accounts.

313. SALE OF STEAM.

Credit to this account all revenue derived from the sale of steam.

OPERATING EXPENSE ACCOUNTS.

1. **Operating Expenses Defined.**— By *operating expenses* are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein property consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived should be excluded from operating expenses.
2. **Definitions of Certain Terms Used in Connection With Expense Accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meaning below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit should be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any. By repairs are meant the replacement of some part or parts of any structure, facility, or unit of equipment, the extent of which replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment. Replacements of the latter sort are to be excluded from operating expenses and charged to the appropriate

fixed capital accounts, the cost of the item replaced being credited thereto.

3. Three Schemes of Operating Expense Accounts.—

Three schemes of accounts, designed to meet the respective needs of companies of the classes indicated below, are provided. The first scheme includes the more important general and primary accounts, the titles of which are printed in CAPITALS. The second scheme includes the first, but divides some of the accounts into others, the titles of which are printed in CAPITALS AND SMALL CAPITALS. The third scheme provides for a still further extension by sub-dividing some of the accounts in the second scheme. The titles of the sub-accounts of this last division are shown in *italics*.

Class A.—Companies having average annual operating revenues* exceeding \$100,000.

Class B.—Companies having average annual operating revenues* exceeding \$25,000, but not more than \$100,000.

Class C.—Companies having average annual operating revenues* of \$25,000, or less.

In so far as the accounts may be applicable to their respective affairs, companies in Class C will keep at least those accounts provided for in the first scheme; companies in Class B will keep at least the accounts provided for in the second scheme; companies in Class A will keep the full scheme of accounts. Where the sub-divisions of any primary or general account are kept it will not be necessary also to keep the account which has been sub-divided.

Any company in Class B or C may keep the more extended divisions or sub-divisions of any or all of the accounts shown herein. If desired, further refinements or extensions of the scheme of accounts to meet the needs of individual companies may be made by sub-dividing the accounts herein established, provided that the integrity of the accounts be not impaired and that the titles and purposes of any accounts so raised shall first be filed with the Commission, subject to its disapproval.

*NOTE.—In order that frequent changes may be avoided, companies may use the average of their annual revenues for three years preceding the date of this order. If at the close of any fiscal year the average of the annual revenues for the three preceding years is greater than the amount given for the class in which the company has been grouped, the next higher scheme of accounts will be adopt-

ed. New companies will estimate the amount of their annual revenues and adopt the scheme of accounts provided for companies with average annual revenues equal to the amount of the estimate.

GENERAL ACCOUNTS.

- I. Production Expenses.
- II. Transmission Expenses.
- III. Electric Storage Expenses.
- IV. Distribution Expenses.
- V. Utilization Expenses.
- VI. Commercial Expenses.
- VII. New Business Expenses.
- VIII. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

401. STATION WAGES.

Charge to this account all matters provided for under the following heads:

a. *Station Superintendence and Care*: This head includes salaries and personal expenses of superintendents and assistants, chemists, clerks, janitors, watchmen, elevatormen, and also that portion of the salaries and expenses of the engineering staff assignable to the generating plant.

b. *Boiler Labor*: This head includes the cost of labor in boiler room and elsewhere in and about the premises having to do with making steam, including such labor as that of fire room engineers and assistants, water tenders, firemen, coal handlers, ash handlers, boiler cleaners, and feed pump men.

c. *Producer Labor*: This head includes the cost of all labor in and about the premises having to do with the production of power gas.

d. *Engine Labor*: This head includes the cost of labor on prime movers of all kinds, including such labor as that of chief engineers and assistants, engineers, oilers, wipers, and machinists.

e. *Electric Labor*: This head includes the cost of all labor in connection with the electric generating apparatus and devices, beginning with the generators direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to where the electric current leaves the station for the transmission or distribution system, including such labor as that of system operators or load dispatchers; foreman over regulators, regulators, and assistants; switchboard men, brushmen, wipers, and wiremen.

402. FUEL.

Charge to this account all matters provided for under the following heads:

a. *Fuel for Steam*: This head includes the cost of fuel, whether coal or oil, used under the boilers for electric generation, at the cost delivered in the bunkers or tanks; also any special expense incurred in disposing of ashes.

b. *Fuel for Producer Gas*: This head includes the cost of fuel used for generating producer gas.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

403. OTHER STATION SUPPLIES AND EXPENSES.

Charge to this account all matters provided for under the following heads:

a. *Water for Steam Power and Gas*: This head includes the cost of feed water and water for condensers; also the cost of boiler compound. Water used for general station purposes is not to be included.

b. *Water for Hydraulic Power*: This head includes the cost of all water purchased for the purpose of operating hydraulic power plants in the electric department.

c. *Lubricants for Power*: This head includes the cost of lubricants for machinery in the generating station; but not oil for transformers, grease for wagons, or oil for lanterns.

d. *Production Supplies*: This head includes the cost of all supplies, tools, etc., used in the generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal; also the cost of repairs of such tools. This covers such matters as waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fire room tools, steam and air hose, bolts, screws, nails, tools, dynamo brushes, etc.

e. *Station Expense*: This head includes the general and miscellaneous expenses in the generating plant not specifically chargeable under other heads, including such matters as lighting, heating and cleaning systems, fire protection system, janitors' supplies, ice and water, telephone and toilet services at station, and care of streets, yards and sidings.

410. STATION REPAIRS.

Charge to this account the matters provided for in the following sub-accounts:

411. REPAIRS OF STATION BUILDINGS.

This account includes the cost of repairing buildings and structures used for power-station purposes; cost of repairing fixtures therein; cost of maintaining walks, driveways, and grounds connected with such buildings; cost of delivering material, including freight charges, if any; and all incidental expenses connected with the maintenance of such buildings and structures.

The term "buildings and structures," in addition to embracing the buildings proper, should be understood to include fixtures when immovable and built in; permanent foundations and piers; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators, with fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to such buildings.

NOTE.—The cost of replacement of a building or structure, when \$100 or more, should be treated through the appropriate capital account; when less than \$100, it may be charged directly to this account.

412. REPAIRS OF STEAM EQUIPMENT.

This account includes all matters provided for under the following heads:

a. *Boilers and Furnaces*.—Cost of repairing boilers and furnaces, specially provided foundations, settings, and flue connections, including brickwork, bridge wall, arches, jambs, grate bars, stoker bars and webs, furnaces, valves, superheaters, damper regulators, tubes, and iron smokestacks.

b. *Boiler Apparatus*.—Cost of repairing feed water, coal and ash handling systems, and auxiliary apparatus in the fireroom; including feed pumps, blower engines, coal conveyors, trolleys, and cable towers, crusher and belt links, brackets, wheels, chutes, and gates; ash-conveyor cars, winches, motors, buckets, shafts, chains, and wheels; filters, boiler injectors and pumps; heaters, primary and secondary; economizers, and water meters.

c. *Steam Accessories*.—Cost of repairing the piping system in connection with the making of

steam and delivery thereof to the prime movers, including water feed piping, cold main, hot main, water suction, valves, joints, jackets, ash-pit drains and ash-pocket syphons, oil drains from engine-crank pits, receiving tanks, filter pumps to engine valve, steam and exhaust line systems, sewer connections, and air line.

d. *Reciprocating Engines*: The cost of repairing reciprocating steam engines used in the power plant.

e. *Steam Turbines*: The cost of repairing steam turbines used in the power plant.

f. *Mechanical Apparatus*: The cost of repairing apparatus auxiliary to the prime movers, including such matters as condensers, packing tubes, renewing tubes, heads and doors, and miscellaneous; and pumps, air and circulating, wet vacuum, dry vacuum and oil systems, but excluding the power conveying apparatus.

413. REPAIRS OF HYDRAULIC EQUIPMENT.

This account includes all matters provided for under the following heads:

a. *Dams, Canals and Pipe Lines*: Cost of repairing hydraulic structures. Such structures include dams, embankments, etc., for impounding water, and all appurtenant gates, valves, weirs, wasteways, canals, conduits, and other channels (including riprap, lining walls, etc.), pipe lines, aqueducts, and supporting trestles, etc., forebays and appurtenant sieves and grids, wasteways, etc., and all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts and pipe lines; also the wasteways conducting water from the outlet of the draft-tube to the point of final discharge.

b. *Turbines and Water Wheels*: Cost of repairing wheel-gates, turbines, and other hydraulic apparatus from the inlet valve to and including the wheel governor and to the outlet of the draft-tube.

414. REPAIRS OF GAS POWER EQUIPMENT.

This account includes all matters provided for under the following heads:

a. *Gas Producers and Accessories*: Cost of repairing apparatus devoted to the generation of producer gas to be consumed in gas engines in the electric generating station; also the cost of

repairing gas conductor and exhaust pipes and other auxiliary gas power apparatus. This covers producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, holders, etc. Power conveying apparatus is not included herein.

b. *Gas Engines*: Cost of repairing gas engines devoted to the production of electric energy, including inlet valves, governors, and ignition and starting apparatus.

415. REPAIRS OF ELECTRIC EQUIPMENT.

This account includes all matters provided for under the following heads:

a. *Electric Generators*: Cost of repairing dynamos, alternators, and other electric generating apparatus, driven by steam, gas or water power, and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission system.

b. *Accessory Electric Equipment*: Cost of repairing the electric generating apparatus not includible in the foregoing account. This includes bus-bars, regulators, station cables, station switchboards and equipment, such as circuit breakers, switches, ammeters, voltmeters, wattmeters, etc. (and their specially provided foundations and settings), and the station terminal board; also head-gate motors, pump motors, air-compressor motors, etc., and special high-tension transmission equipment at power stations, but not wiring for lighting the station.

416. MISCELLANEOUS STATION REPAIRS.

This account includes all matters provided for under the following heads:

a. *Tools and Implements*: Cost of repairing station tools and implements that have been capitalized (except fire tools, elsewhere provided for). Among the principal items under this head are blacksmiths', machinists', and pipe fitters' tools, pump room tools, engine tools, and cutting tools.

b. *Miscellaneous Station Equipment*: Cost of repairing station apparatus not includible in the foregoing repair accounts, particularly the power transmission equipment, such as shafting, belting, and clutches; motors, hoists, and cranes, etc.

417. STEAM FROM OTHER SOURCES.

Charge to this account the cost of all purchased or jointly produced steam consumed in the power plant of the electric department.

NOTE.—In case such steam is jointly produced, i. e., produced by another person or corporation under a joint arrangement for sharing the cost of production in proportion to the benefits to the several participants, the charge to this account may include a proportion to cover depreciation of plant employed as well as the proportion of direct expense, but it should not include any allowance for profit or return upon the cost or value of the plant. Such allowance or return upon property should be charged to account No. 514, "Miscellaneous Rent Deductions."

418. POWER GAS FROM OTHER SOURCES.

Charge to this account the cost of all gas consumed in the gas power plants of electric generating stations, but not produced in the electric department; this includes the cost of gas produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants) inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

419. ELECTRIC ENERGY FROM OTHER SOURCES.

Charge to this account the cost, at the point of delivery to the corporation, of all electric energy purchased or produced for the corporation by another corporation under any joint arrangement for the sharing of expense upon the basis of the relative amounts of benefit to the several participants, inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the cost or value of property used in such production.

420. JOINT PRODUCTION EXPENSES—CR.

When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others, under an arrangement for apportioning the operating expenses on the basis of the relative amounts of benefit to the several participants, the portion of production expenses chargeable to others under the arrangement should be credited to this account. The portion so credited should not include any allowance for profit or return upon the value of such property.

NOTE.—In the case of the production of power, part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied should be credited to the appropriate revenue account covering the sale of power.

II. TRANSMISSION EXPENSES.

421. SUB-STATION WAGES.

This account includes the cost of all labor employed in superintending the operation of sub-stations, including not only that of regulators, brushmen, and others engaged in operating the electric apparatus and storage batteries, but also that of clerks, janitors, watchmen, etc.

422. SUB-STATION SUPPLIES AND EXPENSES.

This account includes the cost of supplies consumed and expenses incurred in connection with the operation of sub-stations, such as telephone rents, light, heat, etc.

423. REPAIRS OF SUB-STATION BUILDINGS.

This account includes the cost of repairing sub-station buildings and permanent fixtures therein, including grounds and adjacent streets, vaults, sheds, pits, sidewalks, etc.

424. REPAIRS OF SUB-STATION EQUIPMENT.

This account includes the cost of repairing apparatus in sub-stations, including sub-station cables, switchboards, and instruments, station terminal boards, etc.

425. REPAIRS OF TRANSMISSION LINES.

Charge to this account all matters provided for in the following sub-accounts:

a. *Repairs of Transmission Poles and Fixtures:*
This account includes the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead transmission system.

This account does not include insulators.

NOTE A.—The cost of repairing and renewing poles and fixtures which carry both transmission and distribution conductors should be apportioned between this account and "Repairs of Distribution Poles and Fixtures."

NOTE B.—When the individual cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction is \$100 or more it should be treated through the appropriate capital account. When the individual cost is less than \$100, the replacement may be charged directly to this account.

b. *Repairs of Overhead Transmission Conductors*: This account includes the cost of repairing and maintaining overhead trunk lines between generating stations and sub-stations, including patrolling and testing, and all repairs.

c. *Repairs of Underground Transmission Conduits*: This account includes the cost of patrolling and inspecting as well as of repairing transmission underground conduits, including the cost of renewing ducts and pipes, enlarging and repairing man-holes, repaving streets over such structures, etc. This account does not include any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining underground conduits which carry both transmission and distribution conductors should be apportioned between this account and "Repairs of Underground Distribution Conduits."

d. *Repairs of Underground Transmission Conductors*: This account includes the cost of inspecting and repairing underground transmission cables.

NOTE.—This account does not include the cost of repairing poles and fixtures, for which see account 425a, "Repairs of Transmission Poles and Fixtures."

NOTE B.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said step-down transformers, motor generator sets, rotary converters, or frequency changers, should be classed as the Transmission System; *except*, however, that primary wiring in lighting systems at not to exceed 4 400 volts, 4-wire, 3-phase, should be classed, as a part of the Distribution System. Tie-lines between generating stations and sub-stations should follow the same rule. Line transformers are not included among the "step-down transformers" above mentioned.

426. JOINT TRANSMISSION EXPENSES—CR.

When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others, under an arrangement for apportioning the operating expenses on the basis of the relative amounts of benefit to the several participants the portion of transmission expenses chargeable

to others under the arrangement should be credited to this account. The portion so credited should not include any allowance for profit or return upon the value of such property.

NOTE.—In the case of the production of power, part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied should be credited to the appropriate revenue account covering the sale of power.

III. ELECTRIC STORAGE EXPENSES.

430. ELECTRIC STORAGE EXPENSES.

Charge to this account all matters provided for under the following heads:

a. *Storage Battery Labor*: This head includes the salaries and personal expenses of superintendent, clerks, and battery men, including inspectors and testers.

b. *Storage Battery Supplies*: This head includes the cost of acid and distilled water in cells, soda, sponges, brooms, mops, waste, rags, hydrometers, thermometers, automatic cell fillers, rubber hose, gloves, shoes, paint, etc., and brushes for boosters and compensators.

c. *Storage Battery Renewals*: This head includes the cost of renewing worn-out cells, including diaphragms, negative and positive plates, lead in strip, spelter, pails, candles, dry boards, tank bands, sheet lead, glass plates, glass covers, hydrogen generators, jumpers, clamps, lampblack, etc.

d. *Repairs of Storage Battery Accessories*: This head includes the cost of repairing tanks, battery room floor, switches, regulating apparatus, boosters, and compensators.

IV. DISTRIBUTION EXPENSES.

440. DISTRIBUTION WAGES, SUPPLIES AND EXPENSES.

Charge to this account the matters provided for in the following sub-accounts:

441. DISTRIBUTION WAGES.

This account includes the following:

a. *Superintendence*: This head includes the salaries and personal expenses of superintendents and clerks, salaries and personal expenses of mappers and draftsmen, and also that portion of the salaries

of the engineering staff of the company which is assignable to distribution.

b. *Miscellaneous Distribution Labor*: This head includes the cost of all labor in the distribution department not elsewhere provided for.

442. DISTRIBUTION OFFICE EXPENSE.

This account includes the cost of maps and records of overhead and underground lines, cost of drawing materials, etc., and the cost of all other supplies and expenses of the office of the superintendent of the Distribution Department.

450. DISTRIBUTION MAINTENANCE.

This account includes the matters provided for in the following sub-accounts:

451. REPAIRS OF DISTRIBUTION LINES.

This account includes the following:

a. *Repairs of Distribution Poles and Fixtures*: This account includes the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also the cost of repairs of towers and other structures maintained primarily for supporting the overhead distribution system. This account does not include insulators.

NOTE A.—The cost of repairing poles and fixtures that carry both transmission and distribution conductors should be apportioned between this account and account 425a, "Repairs of Transmission Poles and Fixtures."

NOTE B.—When the individual cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction is \$100 or more, it should be treated through the appropriate capital account. When the individual cost is less than \$100, the replacement may be charged directly to this account.

b. *Repairs of Overhead Distribution Conductors*: This account includes the cost of patrolling, testing, and repairing the overhead conductors in the distribution system.

c. *Repairs of Underground Distribution Conduits*: This account includes the cost of maintaining subways and underground conduits, including repairs of the tube, of manholes, of paving over such subways, and of all ducts and conduits, but not repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining (including patrolling and inspecting) underground conduits and subways which

carry both transmission and distribution conductors should be apportioned between this account and account 425c, "Repairs of Underground Transmission Conduits."

d. *Repairs of Underground Distribution Conductors*: This account includes the salaries and expenses of patrolmen, testers, etc., as well as the cost of repairing damaged subway distribution conductors.

452. REPAIRS OF ELECTRIC SERVICES.

This account includes the cost of repairing underground and overhead services leading from mains to consumers' premises.

453. TRANSFORMER MAINTENANCE.

This account includes the following:

a. *Setting and Removing Transformers*: This head includes the cost of all supplies consumed and all expenses incurred in connection with the setting and removal of service transformers.

b. *Repairs of Transformers*: This head includes the cost of labor and material consumed in maintaining transformers, including renewing oil, repainting, rewinding, removing, and replacing; also repairs of such switches and cut-outs on consumers' premises as are the property of the corporation.

454. METER MAINTENANCE.

This account includes the following:

a. *Setting and Removing Meters*: This head includes the cost of all supplies consumed and all expenses incurred in connection with the setting and removing of consumers' meters.

b. *Meter Expense*: This head includes the salaries and expenses of superintendents and clerks in the meter bureau; also that portion of the salaries of the engineering staff of the corporation assignable to this account; also the cost of light, heat, ice, water, and other supplies and expenses in connection with the meter-testing bureau; and the cost of testing meters on consumers' premises or in meter shops.

c. *Repairs of Meters*: This account includes the cost of repairing meters in distribution service, including new parts and new jewels; also the cost of cleaning and painting.

V. UTILIZATION EXPENSES.

461. COMMERCIAL ARC LAMP MAINTENANCE.

This account includes all matters provided for under the following heads:

a. *Commercial Arc Lamp Expense*: This head includes the cost of supplies, such as carbons, globes, etc., consumed in operating, and of labor employed in trimming and inspecting arc lamps on private consumers' premises.

b. *Repairs of Commercial Arc Lamps*: This head includes the cost of keeping in repair private consumers' arc lamps, including setting and removing lamps, repairing parts, changing for repairs and adjustment, and testing during adjustment and after repairs.

462. COMMERCIAL INCANDESCENT LAMPS.

Charge to this account the cost of the first installation of incandescent lamps on consumers' premises (including cartage and delivery expenses) unless consumer is charged for the first installation, or unless it is proper to charge such first installation to capital. (See note B, account No. 130 "Glower Lamps"). Also charge to this account the cost of renewing incandescent lamps on consumers' premises (including cartage and delivery expenses) and cost of photometering such lamps. Credit to this account any rebate received for the return of stubs, or allowances relating thereto.

463. CONSUMERS' INSTALLATION EXPENSES.

Charge to this account all matters provided for under the following heads:

a. *Inspection of Consumers' Premises*: This head includes the cost of inspection of consumers' premises, including such matters as the charge for municipal certificates, charge for Board of Fire Underwriters' inspection certificates, and that portion of the salaries and expenses of the engineering staff or of other departments than the distribution department engaged in technical work properly assignable to this account.

b. *Repairs of Consumers' Installations*: This head includes the cost of all labor and material furnished to consumers for inside work without special charge, including such matters as attention to complaints or to improving the character of service, replacing or repairing wiring fixtures or electric ap-

pliances, moving appliances from place to place in houses and reconnecting the same, etc.

NOTE.—Class C companies may combine account No. 463 with account No. 440, "Distribution Wages, Supplies and Expenses."

464. MUNICIPAL STREET ARC LAMP MAINTENANCE.

Charge to this account all matters provided for under the following heads:

a. *Municipal Street Arc Operation*: This head includes the cost of labor employed in trimming and inspecting the arc lamps of the municipal street lighting system; also the cost of carbons, globes, etc. for such lamps.

b. *Municipal Street Arc Repairs*: This head includes the cost of changing location of lamp posts, changing lamps for repairs and adjustments, renewals, repairs of mast arms, hangers, poles, ropes, etc., and painting poles; also that portion of the arc lamp shop expense assignable thereto.

465. MUNICIPAL STREET INCANDESCENT LAMP MAINTENANCE.

Charge to this account all matters provided for under the following heads:

a. *Municipal Street Incandescent Operation*: This head includes the cost of the first installation of incandescent lamps in the municipal street lighting system, unless it is paid by the municipality, or unless it is proper to charge such first installation to capital. (See note B, account No. 130, "Glower Lamps"); also the cost of renewing incandescent lamps in the municipal street lighting system.

b. *Municipal Street Incandescent Repairs*: This head includes the cost of repairing municipal incandescent street lamps and fixtures.

NOTE.—This does not include items chargeable to maintenance of poles and their fixtures, or of subways, or conductors.

VI. COMMERCIAL EXPENSES.

NOTE.—In the case of Class C companies, where no commercial department is maintained separate and distinct from the general office, and there are no employees regularly engaged in commercial work as below described, this group of accounts may be consolidated with Group VIII "General and Miscellaneous Expenses," and all office expense included under one head. The cost of meter read-

ing when done by employees usually engaged in "Distribution" shall, in case Group VI is omitted, be included under Account No. 440, "Distribution, Wages, Supplies and Expenses."

470. COMMERCIAL ADMINISTRATION.

Charge to this account all matters provided for under the following heads, none of which are required to be carried as sub-accounts by any class of companies.

Commercial Department Indexing: The cost of indexing meters, including indexers' lamps.

Commercial Department Collecting: The expense of the collection bureau, including collectors' salaries or commissions, badges, car fares, and delivering bills.

Commercial Department Contracts: Such part of the cost of the contract department as is not assignable to the Promotion Office, including attention to bill questions.

Commercial Department Accounting: The cost of keeping the accounts of consumers, being a proportion of the salaries and expenses of general officers and assistants in charge of the commercial department, and salaries of bookkeepers and all clerks in the accounting department having to do with consumers' accounts.

Commercial Department Miscellaneous: All expenses incurred in selling electric power and products, in determining the amounts of such sales, in making collections, and in keeping account of such sales and collections as are not includible in the accounts of the indexing, accounting, collection, and contract divisions, or in the following accounts for promotion expenses.

VII. NEW BUSINESS EXPENSES.

NOTE.—This group of accounts is intended primarily for those companies which maintain a new business department. In the case of Class C companies, where no such department is maintained, it may be omitted altogether, and no attempt be made to allocate to it any portion of the pay and expenses of employees in other departments who occasionally devote a portion of their time to business promotion.

475. BUSINESS PROMOTION.

This account includes all matters provided for under the following sub-accounts:

a. *Promotion Office Expenses*: This sub-account covers:

Promotion Management: The cost of administration of the department maintained for the promotion or development of electric consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

Demonstrations: The cost of labor expended and expenses incurred in demonstrating the use of electric lamps and appliances for the purpose of obtaining new business.

Promotion Office Expenses: The office expenses of the promotion or new business department.

b. *Advertising*: This sub-account covers:

Advertising Salaries and Expenses: The salaries and personal expenses of the advertising manager and clerks.

Advertising Sundries: The cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

c. *Canvassing and Soliciting*: This head includes all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on wiring, etc. and office sundries in connection therewith.

d. *Promotion Wiring and Devices*: This sub-account covers:

Promotion Wiring: The cost of wiring in consumers' premises furnished without special charge in order to induce new business.

Promotion Signs and Devices: The cost of electric signs and other devices (including delivery and connection charges, and expenses in connection therewith) supplied to consumers without special charge in order to develop new business.

VIII. GENERAL AND MISCELLANEOUS EXPENSES.

481. SALARIES AND EXPENSES OF GENERAL OFFICERS.

This account includes the salaries and expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services cannot be satisfactorily allocated to the several departments.

482. SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS.

This account includes the pay and expenses of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Pay and expenses of clerks in the commercial department should be charged to account 470 "Commercial Administration."

483. GENERAL OFFICE SUPPLIES AND EXPENSES.

This account includes the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings and repairs of such rented rooms; and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE.—This account should not include the cost of telephone or telegraph service

484. GENERAL LAW EXPENSES.

This account includes all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books; cost of printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs, and payments of special, notarial and witness fees not provided for elsewhere; expenses connected with taking depositions; and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account 489, "Injuries to Persons and Property."

485. MISCELLANEOUS GENERAL EXPENSES.

This account includes the cost of telephone and telegraph service, and other miscellaneous expenses connected with the general management not provided for elsewhere.

486. INSURANCE.

This account includes premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

487. RELIEF DEPARTMENT AND PENSIONS.

This account includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department, and all pensions paid to retired employees, and expenses in connection therewith.

488. ELECTRIC FRANCHISE REQUIREMENTS.

This account includes the cost of electricity and other materials and supplies furnished to municipal corporations in compliance with franchise requirements, for which no payment is received; also the direct expense of paving, etc., incurred in compliance with such requirements, for which no reimbursement is received. Amounts charged to this account for which there is no direct money outlay should be credited to "Duplicate Electric Charges—Cr.," under account 492, "Miscellaneous Adjustments—Balance."

489. INJURIES TO PERSONS AND PROPERTY.

This account includes all expenses provided for under the following heads:

a. *Accidents and Damages.*—All expenses (other than law expenses provided for under the following head) on account of persons killed or injured and property damaged in connection with the operation of the plant; salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims; salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of cor-

oners and undertakers; annual contributions to hospitals; amounts paid in settlement of claims of persons for personal injuries sustained in connection with the operation of the plant, and amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

b. *Law Expenses Connected with Damages.*—All law expenses in connection with the defense or settlement of damage claims, such as a proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work, fees of court stenographers, expenses connected with taking depositions, and other court expenses, and the cost of law books, cost of printing briefs, court records, and similar papers.

NOTE A.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account 484, "General Law Expenses."

NOTE B.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged should be credited to "Casualty and Insurance Reserve," and the actual disbursements above enumerated should be charged to such reserve account.

490. STATIONERY AND PRINTING.

This account includes all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers should be charged to account 484, "General Law Expenses," or to account 489, "Injuries to Persons and Property," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter should be charged to account 472b, "Advertising."

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, should, if for use in general offices, be charged to account 483, "General Office Supplies and Expenses," or if for the use of departmental officers, to the proper departmental accounts.

491. STORE AND STABLE (OR GARAGE) EXPENSES.

Charge to this account all matters provided for under the following sub-accounts:

a. *Store Expenses*: This account includes all salaries and expenses in connection with store rooms, including cost of sending materials and supplies from general store rooms to branch store rooms, and the collection of scrap material.

b. *Stable Expenses*: This account includes the cost of feed, keep, and shoeing of horses, wages of stablemen and hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles. Also include under this head all automobile and garage expenses.

NOTE.—Account No. 491 may, if desired, be carried as a clearing account, and closed out at the end of each month or other fiscal period into the appropriate departmental operating or fixed capital accounts. The cost of repairing store houses, stables or other buildings devoted to operations covered by this account, should also be included therein as well as all other maintenance expenses applicable thereto not above specified.

492. MISCELLANEOUS ADJUSTMENTS — BALANCE.

This account includes:

a. *Inventory Adjustments—Balance*: At least once a year an inventory of materials and supplies should be taken, and the difference (with respect to any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account under this head in case it can not be assigned to a specific account.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to "Miscellaneous Construction Expenditures."

b. *Discounts on Materials and Supplies.—Cr.*: Credit to this account under this head all discounts received through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

c. *Duplicate Electric Charges.—Cr.*: Credit to this account under this head all charges made to any accounts in electric operating expenses for any electricity or other product of electric operations of the corporation consumed in such operations.

493. REPAIRS OF GENERAL STRUCTURES.

This account includes the cost of repairing all buildings and structures (including permanent fix-

tures attached thereto and grounds and driveways connected therewith) devoted to general corporate purposes, used in its operations, and not assignable to any of the departmental accounts, such as general office buildings, etc.

494. GENERAL AMORTIZATION.

To this account should be charged monthly or quarterly the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the period in the tangible electric capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the period and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties, less the amounts charged for that month to the various repair accounts in Electric Operating Expenses. The amount charged (or credited) to this account should be concurrently credited (or charged) to the reserve account, No. 215, "Accrued Amortization of Capital."

NOTE.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the corporation's history and experience during the preceding five years, and the accrual may be on the basis of number of kilowatt-hours sold. Amortization of intangible capital should likewise be based on rule.

495. TAXES.

An account should be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account should be appropriately entitled (as e. g., "Taxes Assignable to Electric Operations," "Taxes Assignable to Non-Operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock.
State Franchise Tax on Gross Earnings.
Special Franchise Tax.
Taxes on Real Estate.
Taxes on Personal Property.
Other Taxes (showing in detail).

To each tax account there should be charged monthly or quarterly the amount of taxes accruing during the period and such amount should be con-

currently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month or quarter should, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter should be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year, the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of levy becomes known. If during, say, the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Board of Public Utility Commissioners.

496. UNCOLLECTIBLE ELECTRIC BILLS.

When any bill rendered for the sale of electric current or other product of electric operations or for services performed in connection therewith, such as electric merchandise and jobbing, has proved, after reasonably diligent effort, impracticable of collection, the amount should be charged to this account and credited to the account receivable in which it has theretofore been carried.

NOTE.—If it is desired that the charge to operating expenses on account of uncollectible bills be upon some arbitrary basis, the amount so charged should be credited to a reserve account against which should be charged the actual amount of bills which prove to be uncollectible.

